

FACT SHEET

Family Self-Sufficiency (FSS) Program

Office of Public Housing and Voucher Programs & Office of Public Housing Investments

****January, 2014****

General Program Information:

What is the FSS Program?

FSS is a HUD program that enables families assisted through the Housing Choice Voucher (HCV) program and Public Housing (PH) residents, and residents of Indian housing assisted under the Native American Housing Assistance and Self-Determination Act (NAHASDA) to increase their earned income and reduce their dependency on welfare assistance and rental subsidies.

Public Housing Agencies (PHAs) work in collaboration with a Program Coordinating Committee (PCC) to secure commitments of public and private resources for the operation of the FSS program, to develop the PHA's FSS Action Plan, and to implement the program.

The FSS program is available to PH residents and HCV program participants, and residents of NAHASDA-assisted housing, and while the main components of the FSS program are common to both the PH and HCV FSS programs, these are currently two different programs with separate sources of funding. The FY14 President's Budget Request proposes to combine the two programs into one.

How does the program work?

Once an eligible family is selected to participate in the program, the PHA, and the head of each participating family execute a 5-year FSS Contract of Participation that specifies the rights and responsibilities of both parties and the goals and services for the family. The family works with an FSS coordinator to be connected to services to assist with completing their goals.

Some of the services coordinated through the program include: child care, transportation, education, job training, employment counseling, financial literacy, and homeownership counseling, among others.

An interest-bearing escrow account is established by the PHA for each participating family.

Any increases in the family's rent as a result of increased earned income during the family's participation in the program result in a credit to the family's escrow account. Once a family successfully graduates from the program, they may access the escrow and use it for any purpose.

Who administers the FSS program?

The FSS program is administered locally by PHAs in collaboration with a Program Coordinating Committee which may include representatives of the unit of general local government served by the PHA, and other organizations such as public and private education or training institutions, child care providers, non-profit service providers, among others.

Who is eligible to participate in the FSS program?

Families who receive assistance under the HCV program are eligible to participate in the HCV FSS program. Families who receive assistance under the Public Housing rental assistance program or under the Indian Housing Block Grant program under NAHASDA are eligible to participate in the PH FSS program.

How do families enroll in the program?

Eligible families should discuss participation in the FSS program with their **local PHA**. For a list of PHAs and Tribes that have received FSS funding from HUD between 2008 and 2012, [click here](#). Please note that FSS funding for tribes is only applicable to the PH FSS program.

Design and Administration of the FSS Program:

How must a PHA operate the FSS program?

To operate an FSS program, a PHA must establish an FSS Program Coordinating Committee (PCC) and develop an FSS Action Plan and must follow the regulations at 24 CFR 984.

What is the role of the PCC?

The FSS PCC helps the PHA to develop its Action Plan and FSS program policies, obtain public and private supportive services funding and commitments for the operation of the FSS program within the PHA's jurisdiction, and oversee the overall implementation of the FSS program.

What is the FSS Action Plan?

The FSS Action Plan describes the policies and procedures to operate an FSS program. PHAs implementing both the HCV FSS program and the PH FSS program may submit one Action Plan. Additionally, a PHA that wishes to operate a joint FSS program with other PHAs may do so under a joint Action Plan. The PHA's local HUD Field Office must approve the FSS Action Plan.

What is the role of the FSS Program Coordinator?

FSS program coordinators assure that FSS program participants are linked to the supportive services they need to achieve economic self-sufficiency and that the escrow account is properly maintained, among other responsibilities.

Can PHAs operate voluntary FSS programs?

Yes. PHAs may operate voluntary FSS programs and are encouraged to do so.

Program Funding:

How is the program funded?

For many years funding has been appropriated by Congress through Annual Appropriation Acts to pay the salaries of FSS program coordinators. Generally HUD allocates these funds through a Notice of Funding Availability (NOFA), which is posted on [HUD's website](#) and on [Grants.gov](#). Separate NOFAs are posted for the PH and the HCV FSS programs. PHAs also rely on their own resources and other local resources to operate the program.

Who is eligible to apply for funding?

Eligibility requirements are established in each annual NOFA, but heretofore, only PHAs and Indian tribes (in the case of the PH FSS program) have been eligible applicants.

Public Housing residents and HCV participants who are interested in participating in the FSS program may contact a PHA in their area that administers an FSS program. Please note that not all PHAs administer the FSS program. For a list of PHAs and Tribes that have received FSS funding from HUD between 2008 and 2012, [click here](#). Please note that FSS funding for tribes is only applicable to the PH FSS program.

Participant Selection:

Can a PHA use a selection preference to select families for the FSS Program?

PHAs can give a selection preference, for up to 50 percent of its HCV FSS slots and PH FSS slots, to eligible families with one or more family members enrolled in, or on the waiting list for, an FSS-related service program. If the PHA chooses to use a selection preference, it must include in its Action Plan the information listed in 24 CFR §984.203(a)(1)-(3). The remaining FSS slots must be filled using an objective selection system such as a lottery, the length of time the family has lived in subsidized housing, or the date the family expressed an interest in participating in the FSS program.

How are families selected if the PHA does not use a selection preference?

The PHA must use an objective system, such as a lottery, the length of time the family has lived in subsidized housing, or the date the family expressed an interest in FSS.

Can PHAs screen families for participation in the FSS program?

PHAs may screen families for interest, and motivation to participate in the FSS program as long as the factors used by the PHA are those which solely measure the family's interest and motivation. The PHA may not screen for education, job history, credit rating, marital status, or number of children, for example, and may not consider any factors which may result in discriminatory practices or treatment toward individuals with disabilities or minority or non-minority groups.

The FSS Contract of Participation:

What is an FSS contract of participation?

One of the basic requirements of the FSS program is execution of an FSS Contract of Participation between the Head of the FSS family and the PHA. The FSS contract of participation includes the rights and responsibilities of the FSS family and the PHA, the services to be provided to the family, and the activities to be completed by the family.

What is the term of the FSS contract of participation?

Five years; however, such term may be extended for up to two more years provided that there is good cause for the extension, such as serious illness or involuntary loss of employment. Participants may also successfully graduate in less than five years.

What are the participant's responsibilities under the FSS contract of participation?

The FSS contract requires that the family comply with the lease, that all FSS family members (not just family members who elected to participate in FSS) are welfare-free for the 12 consecutive months before the FSS contract is completed, and that the head of the FSS family (the same as the head of household for rent and income eligibility purposes) seek and maintain suitable employment.

Noncompliance with the FSS contract without good cause may result in termination from the FSS program, withholding or termination of supportive services, or in some cases, termination of HCV assistance. Rental assistance in Public Housing may not be terminated for this reason.

What is an Individual Training and Services Plan (ITSP)?

The ITSP is a written plan that lists the services to be provided to each participating family member, the activities to be completed by the family member, and the agreed-upon completion dates of the services and activities. The ITSP also establishes specific interim and final goals by

which the PHA and the family can measure the family's progress toward self-sufficiency. The ITSP is incorporated into the Contract of Participation.

The Escrow Account:

What is an escrow account?

An interest-bearing account established by the PHA on behalf of the FSS family where deposits are made throughout the duration of the family's participation in the FSS program if and when a family's rent increases as a result of increased earned income of the FSS family.

Can a family access the funds of its escrow account before the family successfully completes the program?

The PHA may make a portion of the escrow account available to the family during the term of the contract if the PHA determines that the family has fulfilled certain interim goals established in the contract and requires a portion of the FSS escrow account funds for purposes consistent with the contract of participation.

When does a family receive all the funds in its FSS escrow account?

Generally, when the family has fulfilled all of its FSS obligations under the contract *on or before the expiration of the contract* (including the obligation to be welfare-free for the 12 consecutive months before the FSS contract is completed) and the head of the family certifies (on or before the FSS contract expiration date) that no family member is a recipient of welfare assistance.

Under what circumstances can escrow account funds be forfeited?

A FSS family will forfeit its escrow account if the contract of participation is terminated in accordance with the regulations, the family is still receiving welfare at the expiration of the contract term, or the contract was not completed at the end of the contract term.

Other Program Information:

Can families be required to participate in the FSS program?

Participation of families in the FSS program is voluntary and cannot be a condition of receipt of assistance under the HCV or PH programs.

Can a family continue to receive housing assistance after completion of the FSS contract?

While one of the objectives of the program is to reduce the dependency of low-income families on federal, state, and local housing assistance programs; most families that complete the program will still need and may continue to receive assistance for housing.

What is the history of the FSS program?

FSS was established in 1990 by section 554 of the National Affordable Housing Act, which

amended Title I of the U.S. Housing Act of 1937 by adding Section 23 for the FSS program. It is a successor program to project self-sufficiency and operation bootstrap. It was modified by the Quality Housing and Work Responsibility Act (QHRWA) of 1998.

What regulations cover this program?

FSS regulations are found at [24 CFR Part 984](#).

Related Notices, Regulations, and Other Information:

- **FSS Regulations:** FSS regulations are found at 24 CFR Part 984.
- **FSS Forms:**
 - [FSS Contract of Participation \(HUD-52650\)](#)
 - [FSS Escrow Credit Worksheet \(HUD-52652\)](#)
 - [FSS Program Coordinator Funding \(HUD-52651\)](#): this form is only used if applying for FSS funding under a NOFA.
- **HCV Program Regulations:** HCV program regulations are found at 24 CFR Part 982.
- **PH Program Regulations:** Admission and Occupancy PH regulations are found at 24 CFR Part 960.
- **HCV Forms and Guidance:** Access to the HCV Program Guidebook (Chapter 23 of the HCV Guidebook provides additional information on the HCV-FSS program), HCV Forms, and PIH Notices related to the HCV program.
- **PIH Notice 2011-65, *Timely Reporting Requirements of the Family Report (form HUD-50058 and form HUD- 50058 MTW) into the Public and Indian Housing Information Center***: Section 4.B of the notice discusses reporting requirements specific to the FSS program.
- **PIH Notice 2011-51, *Promoting Partnerships to Utilize Housing as a Platform for Improving Quality of Life***.